

**MEETING NO. 3194**  
**JOURNAL OF PROCEEDINGS**  
**BOARD OF TRUSTEES OF THE POLICE AND FIRE RETIREMENT SYSTEM**  
**OF THE CITY OF DETROIT**  
**HELD THURSDAY, MAY 03, 2018**

09:00 A.M.  
RETIREMENT SYSTEMS' CONFERENCE ROOM  
ALLY DETROIT CENTER, 500 WOODWARD; SUITE 3000  
DETROIT, MICHIGAN 48226

**TRUSTEES PRESENT**

SHAWN BATTLE	EX/OFFICIO TRUSTEE/FIRE PREVENTION CHIEF/MAYOR'S DESIGNEE
MARK DIAZ	ELECTED TRUSTEE/POLICE
JOSEPH ENGLISH	ELECTED TRUSTEE/FIRE
MATTHEW GNATEK	ELECTED TRUSTEE/POLICE
ANGELA R. JAMES	EX/OFFICIO RETIRANT TRUSTEE/POLICE/MAYOR'S DESIGNEE
BRENDA JONES	EX/OFFICIO TRUSTEE/CITY COUNCIL PRESIDENT
MEGAN S. MOSLIMANI	EX/OFFICIO TRUSTEE/CORPORATION COUNSEL'S ALTERNATE
JOHN NAGLICK	EX/OFFICIO TRUSTEE/FINANCE DIRECTOR
SEAN P. NEARY	ELECTED TRUSTEE/FIRE
JEFFREY PEGG	ELECTED TRUSTEE/FIRE/VICE CHAIRMAN
PORTIA ROBERSON	EX/OFFICIO TRUSTEE/MAYOR'S ALTERNATE
JOHN SERDA	ELECTED TRUSTEE/POLICE/CHAIRPERSON
GREGORY TROZAK	ELECTED RETIRANT TRUSTEE/POLICE
JOHN G. TUCKER	ELECTED RETIRANT TRUSTEE/FIRE
STEVEN WATSON	EX/OFFICIO TRUSTEE/DIRECTOR OF SPECIAL PROJECTS-OFFICE OF CHIEF FINANCIAL OFFICER/BUDGET DIRECTOR'S DESIGNEE

**TRUSTEES EXCUSED**

CHRISTA MCLELLAN	EX/OFFICIO TRUSTEE/TREASURER
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**TRUSTEES ABSENT**

None

**ALSO PRESENT**

David Cetlinski	Executive Director
Kelly Tapper	Assistant Executive Director
Ryan Bigelow	Chief Investment Officer
Kevin Kenneally	Investment Officer
Ronald King	General Counsel
Bruce Babiarz	Public Relations Advisor
Dr. Oscar King III	Lobbyist
TaKneisha Johnson	Administrative Assistant III

**STAFF EXCUSED**

None

CHAIRPERSON

**John Serda**

The Board's Administrative Assistant took a verbal Roll Call at 09:10 a.m. and Chairperson Serda called the meeting to order.

**Present at Roll Call: Shawn Battle, Joseph English, Matthew Gnatke, Sean Neary, Jeffrey Pegg, Gregory Trozak, John Tucker, Steven Watson and John Serda.**

**Re: Approval of May 03, 2018 Agenda**

Matthew Gnatke moved to approve the agenda dated Thursday, May 03, 2018 with the removal of the legal discussion. Gregory Trozak supported. The motion passed unanimously.

**Re: Approval of DROP Retirement Applications**

Matthew Gnatke moved to approve the **DROP Retirements** as listed below. Gregory Trozak supported. The motion passed unanimously.

NAME-TITLE-DEPARTMENT:	DARRYL D CROSS – OFFICER - POLICE
RETIREMENT TYPE-PLAN:	DROP - NEW
SERVICE CREDIT-EFFECTIVE DATE:	16 02 04 – 04 27 18

NAME-TITLE-DEPARTMENT:	DIAZ W GRAVES – SERGEANT - POLICE
RETIREMENT TYPE-PLAN:	DROP – NEW
SERVICE CREDIT-EFFECTIVE DATE:	19 09 12 – 04 02 18

NAME-TITLE-DEPARTMENT:	MARCUS K WILLIAMS – OFFICER - POLICE
RETIREMENT TYPE-PLAN:	DROP - NEW
SERVICE CREDIT-EFFECTIVE DATE:	17 01 19 – 04 12 18

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**Re: Approval of HYBRID Retirement Applications**

Matthew Gnatke moved to approve the **HYBRID Retirements** as listed below. John Tucker supported. The motion passed unanimously.

NAME-TITLE-DEPARTMENT: DIAZ W GRAVES – SERGEANT - POLICE  
RETIREMENT TYPE-PLAN: HYBRID DROP – 2014 PLAN  
SERVICE CREDIT-EFFECTIVE DATE: 03 09 00 – 04 02 18

**RECEIPTS:** The Board received the following receipts for Acknowledgment:

Cash Receipts		HYBLIQRES				
RSCD-PFRS		Start Date:	4/16/2018	R/C	Bus. Acct.	Receipt
4/20/2018			Employee Pension Contributions	4/20/18		90,231.07
4/30/2018			Employee Pension Contributions	4/27/18		259,954.68
4/24/2018			Employer Hybrid Match for Police	Qrt End 3/31/18		3,439,586.38
4/24/2018			Employer Hybrid Match for Fire	Qrt End 3/31/18		1,440,423.74
						<u>5,230,195.87</u>

Cash Receipts		LIQUID RES				
RSCD-PFRS		Start Date:	4/16/2018	R/C	Bus. Acct.	Receipt
4/19/2018	CA	Cash Entry	000562	Loan Program deduction	4/13/18 R/C	125,300.73
4/30/2018	CA	Cash Entry	000562	Loan Program deduction	4/13/18	49,335.41
						<u>130,548.39</u>

Total Receipts 5,360,744.26

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**Re: Approval of Disbursements**

Joseph English moved to approve the **Disbursement List** as outlined below Matthew Gnatek supported. The motion passed by vote as listed below:

Disbursements

Page: 1 of 3  
Date: 4/30/2018 8:15 AM

Account	Payment Method	Currency	
F ACCT PAY	ACH	US	
Vendor Name	Invoice Number	Invoice Description	Amount To Pay
ADP, INC	512495088	Check Printing Services	8,722.61
ADVENT CAPITAL MANAGEMENT	1Q18	Management Fees - 1st Qtr '18	76,694.58
CLARK HILL, PLC	632021	Angela Keeler for Nov 2015	19,489.94
CLARK HILL, PLC	639827	Gregory Davis for Jan 2016	8,740.12
CLARK HILL, PLC	741923	ICG Litigation for Oct 2017	875.76
CLARK HILL, PLC	750958	Donald v. Watkins Litigation for Nov 2017	679.15
CLARK HILL, PLC	750959	Onyx Capital Litigation for Nov 2017	200.81
CLARK HILL, PLC	750960	McRae Group for Nov 2017	703.37
CLARK HILL, PLC	750961	ICG Litigation for Nov 2017	225.67
CLARK HILL, PLC	750962	Lyondell for Nov 2017	76.50
CLARK HILL, PLC	750965	Gregory Davis for Nov 2017	3,313.30
CLARK HILL, PLC	750966	North Point Advisors for Nov 2017	2,380.00
CLARK HILL, PLC	750967	CTPF Book Cadillac for Nov 2017	998.75
CLARK HILL, PLC	750968	Combined Plan for Nov 2017	184.45
CLARK HILL, PLC	750970	Environmental Geo-Technologies for Nov 2017	239.70
CLARK HILL, PLC	750971	Wolverine Pipeline Company for Nov 2017	1,173.85
CLARK HILL, PLC	758333	Donald v. Watkins Litigation for Dec 2017	399.50
CLARK HILL, PLC	758334	Onyx Capital Litigation for Dec 2017	51.00
CLARK HILL, PLC	758335	ICG Litigation for Dec 2017	200.00
CLARK HILL, PLC	758336	Investment Committee for Dec 2017	395.25
CLARK HILL, PLC	758337	General Counsel Services for Dec 2017	29,021.32
CLARK HILL, PLC	758339	Gregory Davis for Dec 2017	4,412.35
CLARK HILL, PLC	758340	North Point Advisors for Dec 2017	9,496.13
CLARK HILL, PLC	758342	CTPF Book Cadillac for Dec 2017	6,911.35
CLARK HILL, PLC	758343	Combined Plan for Dec 2017	3,099.95
CLARK HILL, PLC	758345	Environmental Geo-Technologies for Dec 2017	399.50
CLARK HILL, PLC	758346	Wolverine Pipeline Company for Dec 2017	1,639.65
Hamilton Lane Advisors, LLC (HL)	042518	Platinum Equity Capital Partners IV-Capital Call	1,445,077.00
Hamilton Lane Advisors, LLC (HL)	042618.1	MidOcean Partners V - Capital Call #1	840,063.00
LOOMIS, SAYLES & COMPANY, L.P.	189638	Management Fees - 1st Qtr '18	62,811.76

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**Re: Approval of Disbursements- Continued**

Vendor Name	Invoice Number	Invoice Description	Amount To Pay
MONEY-MEDIA, INC.	FF-252071	Fundfire License Renewal: 6/15/18-6/15/19	665.00
NORTHPOINTE CAPITAL, LLC	1Q18	Management Fees - 1st Qtr '18	74,539.72
NORTHPOINTE CAPITAL, LLC	1Q18 Micro	Management Fees - 1st Qtr '18	34,162.78
PARADIGM ASSET MANAGEMENT	1Q18	Management Fees - 1st Qtr '18	60,951.67
PAYDEN & RYGEL	1612-M218	Management Fees - February 2018	13,649.00
PIEDMONT INVESTMENT ADVISORS	INV11941	Management Fees - 1st Qtr '18	18,797.62
PUGH CAPITAL MANAGEMENT, INC.	1Q18	Management Fees - 1st Qtr '18	50,356.77
SALIENT CAPITAL ADVISORS, LLC	1Q18	Management Fees - 1st Qtr '18	124,516.09
SMITH GRAHAM	1Q18	Management Fees - 1st Qtr '18	19,528.00
ULTIMATE PARKING MANAGEMENT	165197	Parking - May 2018	3,109.34
<b>Cash Account/Payment Method Total:</b>			<b>40 Documents</b>
			<b>2,928,952.31</b>

F ACCT PAY	CHECK	US	
Vendor Name	Invoice Number	Invoice Description	Amount To Pay
ALEX BROWN REALTY	04112018	Loan Servicing Fees - February 2018	519.04
COURTLAND PARTNERS, LTD.	2594	Management Fees - 1st Qtr '18	48,927.00
FEDEX	6-154-00032	FedEx Mailings	23.92
First CHOICE Coffee Services	545628	Coffee Supplies	174.54
GABRIEL, ROEDER, SMITH & CO	438113	EDRO Calculations for Anthony Tucker Sr.	1,200.00
GREGORY TROZAK	032218	Trustee Parking	140.00
JOHN TUCKER	040518	Trustee Parking	305.90
OFFICE DEPOT	124589481001	Office supplies	10.49
OFFICE DEPOT	124589482001	Office Depot - Office Supplies	7.50
OFFICE DEPOT	124589485001	Office Supplies	28.99
QUILL CORPORATION	6186474	Office Supplies	102.32
QUILL CORPORATION	6199802	Office Supplies	34.00
RACINE & ASSOCIATES	12259	DPF v. Paramount - 1/1/18-1/31/18	6,815.23
RACINE & ASSOCIATES	12277	DPF v. Paramount - 2/1/18-2/28/18	1,610.61
RACINE & ASSOCIATES	12294	DPF v. Paramount - 3/1/18-3/31/18	4,707.10
RHUMBLINE ADVISERS	g13mpfrsd2018Q1	Management Fees - 1st Qtr '18	3,750.00
VERIZON WIRELESS	9804760286	Wireless Billing 3/5/18-4/4/18	950.20
<b>Cash Account/Payment Method Total:</b>			<b>17 Documents</b>
			<b>69,306.84</b>

\* Payment amount is estimated based on the effective date 4/30/2018

Yeas: Battle, English, Gnatek, Neary, Trozak, Tucker, Watson  
and Chairperson Serda - 8

Nays: Pegg - 1

***Trustee Pegg is opposed to the disbursement list due to the amount of Clark Hill invoices that are contained within.***

**Re: Approval of Refunds (Accumulated Contributions)**

Jeffrey Pegg moved to approve the **Refunds/Accumulated Contributions** as outlined below. Matthew Gnatke supported. The motion passed unanimously.

**LIST NUMBER 3733 - \$284,851.68**  
**LIST NUMBER 3734 - \$293,398.49**

**Re: Approval of the Frozen Defined Contribution Plan/ Employee Loan Program**

Matthew Gnatke moved to approve the **Frozen Defined Contribution Plan/ Employee Loan Program** as outlined below. Jeffrey Pegg supported. The motion passed unanimously.

**LIST #1 4/26/2018 – \$90,080.00**  
**LIST #2 5/03/2018 – \$61,988.00**

**Re: Approval of Minutes/Journal of Proceedings No. 3190 – (04/05/18)**

Jeffrey Pegg moved to approve the **Minutes/Journal of Proceedings No. 3190 (04/05/2018)** Matthew Gnatke supported. The motion passed by vote as listed below:

Yea: Battle, English, Gnatke, Pegg, Tucker, Watson and Chairperson Serda - 7

Nay: None

Abstentions: Neary and Trozak - 2

### **ASSISTANT EXECUTIVE DIRECTOR'S REPORT**

Assistant Executive Director, **Kelly Tapper**, addressed the following with the Board of Trustees:

- Board of Trustee Election update
  - Ballots will be mailed Monday May 7, 2018
  - The following names will be on the ballot: Police Retirant Election: Lynn Brown and Gregory Trozak and Fire Retirant Election: John Tucker and George Orzech
- Medical Director RFP is complete and has been emailed to all Trustees for review

➤ ***Trustee John Naglick entered the Boardroom at 09:21 a.m.***

➤ ***Trustee Meghan Moslimani entered the Boardroom at 09:28 a.m.***

***Trustee Pegg requested an UHY Project update at the next Board meeting***

### **Re: Approval of Medical Director RFP**

Jeffrey Pegg moved to approve the Request for Proposal or RFP for Board Medical Director as submitted by the Assistant Executive Director. Matthew Gnatke supported. The motion passed unanimously.

### **CHIEF INVESTMENT OFFICER'S REPORT**

Chief Investment Officer **Ryan Bigelow**, had no formal report, but discussed the following with the Board:

- Mesirow is tentatively scheduled to attend the next Board meeting on Thursday May 17, 2018.
- Police and Fire Investment Committee Telephonic meeting is scheduled for Monday May 21<sup>st</sup>, 2018

### **PUBLIC RELATIONS ADVISOR REPORT**

Public Relations Advisor, **Bruce Babiarz**, discussed the following matters with the Board:

- State oversight article
- Consideration of year end publicity

### **LOBBYIST'S REPORT**

Lobbyist, **Dr. Oscar King III**, discussed the following matters with the Board:

- All current legislative bills are related to Administrative Functions
- Medicare work requirements as related to Police and Fire disability retirees

➤ ***Trustee Portia Roberson entered the Boardroom at 09:32 a.m.***

### **GENERAL COUNSEL'S REPORT**

General Counsel Ronald King, in addition to his formal legal report discussed the following matters with the Board:

- Chapter 9 Compliance and Special reporting requirements (Tabs II and III in the legal report)
- Approval of hourly rates (professional services agreement) (exhibit B)

***This will come back before the Board at the next scheduled meeting (5/17/2018) as such time the Trustees will have had an opportunity to review the matter.***

- Re-calculation of Sean Gallagher's billed time produced a credit due back to the PFRS in the amount of \$2630.00

➤ ***Trustee Angela James entered the Boardroom at 09:40 a.m.***

**Re: Entering Into Closed Session**

Resolution Moved By: Trustee Gnatke – Supported By: Trustee Roberson

**WHEREAS**, the Retirement System is subject to the limitation of the Open Meetings Act (“OMA”) being MCL 15.261 et seq. and has adopted a resolution on October 24, 2012 relative thereto; **THEREFORE BE IT**

**RESOLVED**, that the Board enters into Closed Session for the purpose of discussing Attorney-Client Privileged matters regarding pending litigation matters and disability Medical Exams.

A Roll Call Vote was taken as follows:

Yea: Battle, English, Gnatke, James, Moslimani, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 13

Nay: None

The Board entered into **Closed Session** at 09:46 a.m.

- **Trustee Mark Diaz joined the meeting via telephone at 09:57 a.m.**
- **Trustee Matthew Gnatke excused himself from the Boardroom at 09:59 a.m.**
- **Trustee Mark Diaz entered the Boardroom at 10:30 a.m.**
- **Trustee Brenda Jones entered the Boardroom at 10:36 a.m.**

**Re: Open Session**

Resolution Moved By: Trustee Neary – Supported By: Trustee English

**RESOLVED**, that the Board come out of Closed Session.

Yea: Battle, Diaz, English, James, Jones, Moslimani, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 14

Nay: None

The Board returned to **Open Session** at 11:03 a.m.

➤ ***The Board recessed for a brief break at 11:05 a.m. and reconvened at 11:15 a.m.***

**INITIAL DISABILITIES:**

**Re: Ronda Reever**

Resolution Moved By: Trustee Pegg Supported By: Trustee Trozak

**RESOLVED**, that the report of the Medical Director on the case of **Ronda Reever** be **ACCEPTED**, and **FURTHER BE IT**

**RESOLVED**, that based on the recommendation of the Medical Director, the Board **APPROVE** the application for a **Duty Disability Retirement** filed by **Ms. Reever**:

Yea: Battle, English, Jones, Moslimani, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 12

Nay: None

Abstentions: Diaz and James – 2

**Re: Christopher Smith**

Resolution Moved By: Trustee Pegg Supported By: Trustee Trozak

**RESOLVED**, that the report of the Medical Director on the case of **Christopher Smith** be **ACCEPTED**, and **FURTHER BE IT**

**RESOLVED**, that based on the recommendation of the Medical Director, the Board **APPROVE** the application for a **Duty Disability Retirement** filed by **Mr. Smith**:

Yea: Battle, English, Jones, Moslimani, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 12

Nay: None

Abstentions: Diaz and James – 2

**Re: Pending Litigation Strategy**

Mark Diaz moved to accept the litigation strategy as recommended by the Board's Chief Investment Officer and General Counsel as discussed in closed session. Jeffrey Pegg supported. The motion passed by vote as follows:

Yea: Battle, Diaz, English, James, Moslimani, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 13

Nay: None

Abstentions: Jones - 1

**Re: Pending Litigation / General Retirement System**

Mark Diaz moved to accept General Counsel's recommendation regarding the authorization to proceed with the General Retirement System as discussed in closed session. Sean Neary supported. The motion passed by vote as follows:

Yea: Battle, Diaz, English, James, Naglick, Neary, Pegg, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 12

Nay: None

Abstentions: Jones and Moslimani - 2

**Re: Legal Fees**

Mark Diaz moved to accept General Counsel's recommendation and direction to proceed with legal fees with outside legal counsel as discussed in closed session. Sean Neary supported. The motion passed by vote as follows:

Yea: Battle, Diaz, English, James, Moslimani, Naglick, Neary, Roberson, Trozak, Tucker, Watson and Chairperson Serda - 12

Nay: None

Abstentions: Jones and Pegg - 2

**Presentation: Gabriel, Roeder, Smith and Company**

Representatives from Gabriel, Roeder, Smith and Company Kenneth Alberts and Jamal Adora discussed the following with the Board of Trustees:

- Annual Actuarial Valuation of Component II: June 30, 2017
  - **Trustee Brenda Jones** excused herself from the Boardroom at 11:53 a.m.
  - **Trustee Shawn Battle** excused himself from the Boardroom at 12:09 p.m.
  - **Public Relations Consultant Bruce Babiarz** excused himself from the Boardroom at 12:16 p.m.

**Re: Annual Actuarial Valuation of Component II**

Jeffrey Pegg moved to approve and receive the Annual Actuarial Valuation of Component II as delivered by the Board's actuary. John Naglick supported. The motion passed unanimously.

**NEW BUSINESS/OLD BUSINESS**

**None**

**ADJOURNMENT**

**Chairperson Serda** adjourned the meeting at 12:51 p.m. The Board's next meeting is scheduled for **Thursday, May 17<sup>th</sup> , 2018**, at 09:00 a.m. in the Retirement Systems' Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,



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Kelly Tapper, Assistant Executive Director